

To the Committee on Finance

Comments on the *Tax Technical Corrections Act of 2006*

I am writing with "extreme concern" regarding legislation recently introduced in both the House and the Senate which will inhibit re- investment possibilities/ tax relief relating to exports for small and medium size manufacturers in the U.S. - including my family business! We are a company that relies on exporting to be successful with more than 50% of our total revenues coming from customers outside of the U.S. In fact, we were named the ND exporter of the year in 2003. To be competitive -- and profitable in the world market, we are dependent on the back end (tax savings) benefits.

The Tax Technical Corrections Act introduced on September 29th, 2006 as S. 4026 in the Senate (and as H.R. 6264 in the House of Representatives), essentially eliminates the possibility of reducing the tax burden on our business, and many others in North Dakota who are primarily equipment manufacturers and agribusiness exporters. Today, my business and other ND exporters are able to reinvest dollars received from overseas export sales to fund future export activity. In many cases this relief/reinvestment amounts to tens of thousands of dollars annually to our company and in some cases hundreds of thousands of dollars for other North Dakota businesses.

Export incentives have been one of the primary reasons we have been able to increase manufacturing export volume at WCCO Belting, Inc. In that I also sit on the District Export Council for ND (DEC), I am also aware of the fact that North Dakota exports are up by +18% or \$ 1.2 Billion in 2005 and by + 30 % for the first 6 months of 2006.

Eliminating the DISC (Domestic International Sales Corporation) dividend income tax benefit for small manufacturers like WCCO Belting would severely inhibit our export expansion capacity as well as inhibit the ability if any North Dakota company to compete in the global marketplace. It has been GOOD for ND business.

We urge you to ensure that Section 7 of the Tax Technical Corrections Act (S. 4026, H.R. 6264) is amended to continue DISC dividend income taxation at the capital gain rate. We appreciate your consideration.

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